27-6. One of the three shops on campus that sell university logo clothing has found that if it sells a sweatshirt for $30 or more, the other two shops keep their prices constant and the store loses revenues. If, however, the shop reduces its price below $30, the other stores react by lowering their prices. What kind of market structure does this store face? If the store’s marginal costs fluctuate up and down very slightly, how should the store adjust its prices?

Using the information from 27-6, graph a kinked demand curve, a discontinuous MR curve, and two MC curves that reflect the conditions described. Label axes and curves properly.

29-12. A profit-maximizing monopolist hires workers in a perfectly competitive labor market. Employing the last worker increased the firm’s total weekly output from 110 units to 111 units and caused the firm’s weekly revenues to rise from $25,000 to $25,750. What is the currently prevailing weekly wage rate in the labor market?

Assume labor is the only added cost.

29-14. The current market wage rate is $10, the rental rate of land is $1,000 per unit, and the rental rate of capital is $500. Production managers at a firm find that under their current allocation of factors of production, the marginal revenue product of labor is 100, the marginal revenue product of land is $10,000, and the marginal revenue product of capital is $4,000. Is the firm maximizing profit? Why or why not?